

City of Pine Bluff, Arkansas
Regulatory Basis Financial Statements
and Other Reports

December 31, 2007

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF PINE BLUFF, ARKANSAS
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Senate Co-Chair
Rep. J R Rogers
House Co-Chair
Sen. Bobby L. Glover
Senate Co-Vice Chair
Rep. Johnny Hoyt
House Co-Vice Chair

Arkansas



Roger A. Norman, JD, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

City of Pine Bluff, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Pine Bluff, Arkansas, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1(B and C), the City has prepared these financial statements using accounting practices prescribed or permitted by Arkansas Code, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Pine Bluff, Arkansas, as of December 31, 2007, or the changes in its financial position or where applicable, its cash flows, thereof for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The Wastewater Utility Commission, Civic Auditorium Complex Commission, Advertising and Tourist Promotion Commission and Aviation Commission Funds have not been included in the City's regulatory basis financial statements. The regulatory basis as prescribed or permitted by Arkansas Code requires these funds to be presented as part of the other funds in the aggregate, thus increasing the column's assets, liabilities, receipts, and disbursements. The amount by which this departure would affect the assets, liabilities, receipts, and disbursements of the other funds in the aggregate column is not reasonably determinable. The City's regulatory basis financial statements also do not disclose all the required information concerning deposit and investment risks, which should be included in order to conform with the regulatory basis of accounting described in Note 1(C).

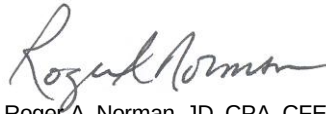
In our opinion, because of the effects on the financial statements of the omissions described in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective regulatory basis financial position of the other funds in the aggregate of the City of Pine Bluff, Arkansas, as of December 31, 2007, and the respective changes in the regulatory basis financial position for the year then ended on the basis of accounting as described in Note 1(C).

In our opinion, except for the effects of not disclosing all required information concerning deposit and investment risks, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of the general fund and street fund of the City of Pine Bluff, Arkansas, as of December 31, 2007, and the respective changes in the regulatory basis financial position, and the budgetary results for the general fund and street fund for the year then ended on the basis of accounting as described in Note 1(C).

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements of the City of Pine Bluff, Arkansas. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Pine Bluff, Arkansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, because of the effects on the financial information in Schedules 1 and 2 of the omissions described above, such information is not presented fairly in all material respects in relation to the financial statements taken as a whole. The supplementary information in the Schedule of Capital Assets listed in the table of contents as Schedule 3 is required by the regulatory basis of presentation and is presented for the purpose of additional analysis. We have not applied auditing procedures to this information and, accordingly, we express no opinion on the Schedule of Capital Assets.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in cursive script, reading "Roger A. Norman".

Roger A. Norman, JD, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
August 14, 2008
LOM107607

Sen. Randy Lavery
Senate Co-Chair
Rep. J R Rogers
House Co-Chair
Sen. Bobby L. Glover
Senate Co-Vice Chair
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House Co-Vice Chair

Arkansas



Roger A. Norman, JD, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING, COMPLIANCE AND OTHER MATTERS, AND OTHER ISSUES BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City of Pine Bluff, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Pine Bluff, Arkansas, as of and for the year ended December 31, 2007, and have issued our report thereon dated August 14, 2008. We issued an adverse opinion because the City prepared the financial statements using accounting principles prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the basis of accounting described in Note 1(B and C), our opinion on the other funds in the aggregate was adverse because of the effects on the financial statements of not including the Wastewater Utility Commission, Civic Auditorium Complex Commission, Advertising and Tourist Promotion Commission and Aviation Commission Funds, which are material to other funds in the aggregate, and our opinions on the general fund and street fund were qualified because required disclosures were not made concerning deposit and investment risks. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Pine Bluff's internal control over financial reporting as a basis of designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pine Bluff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Pine Bluff's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting as prescribed or permitted by Arkansas Code such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

2007-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording cash transactions should be distributed among appropriate employees. City officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the City's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

All City officials, as specified in the Other Issues section of this report, responded and indicated that their offices will segregate the duties relating to initiating, receipting, depositing, disbursing, and recording cash transactions to the extent possible with the current staffing levels.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 to be a material weakness.

The City's response to the findings identified in our audit is described above. We did not audit the City's response and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Issues

The following issues are not significant deficiencies, material weaknesses or material instances of noncompliance, but are issues that are presented to assist in the efficient operation of the City.

The commentary contained in this section relates to the following officials that held office during 2007:

Mayor: Carl A. Redus, Jr.
Finance Director: Steve Miller
City Clerk: Loretta Whitfield
District Court Clerk (Division 1): Debbie Drake
District Court Clerk (Division 2): Veronica Young
Police Chief: John Howell

We reviewed the City's compliance with certain Arkansas laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

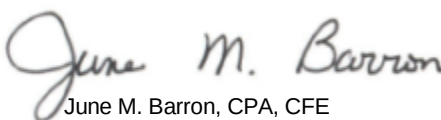
Our audit procedures indicated that the Offices of **Mayor**, **Finance Director**, **City Clerk**, **District Court Clerk (Division 2)** and **Police Chief** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the Office of **District Court Clerk (Division 1)**.

The ending balance in the **District Court Clerk's (Division 1)** city account of \$84,090 again was not identified with receipts issued for cases not yet adjudicated as required by Ark. Code Ann. § 16-10-209.

The **District Court Clerk (Division 1)** again did not establish cash disbursement journals for the small claims, civil and court appeals accounts and again did not issue receipts for all small claims account moneys collected as required by Ark. Code Ann. § 16-10-209.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City government, state executive and oversight management, the federal awarding agencies and pass-through entities, if applicable, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Arkansas Code Annotated § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT


June M. Barron, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
August 14, 2008

CITY OF PINE BLUFF, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2007

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds In The Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 2,685,820	\$ 687,193	\$ 8,387,868
Investments			53,896,274
	<u>2,685,820</u>	<u>687,193</u>	<u>62,284,142</u>
TOTAL ASSETS	<u>\$ 2,685,820</u>	<u>\$ 687,193</u>	<u>\$ 62,284,142</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Settlements pending	\$ 128,972		\$ 564,874
Fund Balances:			
Reserved	76,500	\$ 687,193	61,719,268
Unreserved:			
Designated	831,776		
Undesignated	1,648,572		
Total Fund Balances	<u>2,556,848</u>	<u>687,193</u>	<u>61,719,268</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,685,820</u>	<u>\$ 687,193</u>	<u>\$ 62,284,142</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit B

	General	Street	Other Funds In The Aggregate
RECEIPTS			
State aid	\$ 1,480,872	\$ 2,661,062	\$ 913,051
Federal aid	786,454		2,553,776
Property taxes	2,356,694	532,581	567,640
Franchise taxes	2,802,180		
Sales taxes	13,059,821		
Fines, forfeitures and costs	997,220		157,051
Interest and dividends	78,004	32,560	5,256,151
Local permits and fees	1,042,146		44,324
Sanitation fees	2,642,961		
Transit fees	44,284		
Parks and recreation fees			274,389
Other	733,339	211,008	1,340,170
	<u>26,023,975</u>	<u>3,437,211</u>	<u>11,106,552</u>
TOTAL RECEIPTS			
DISBURSEMENTS			
Current:			
General government	3,862,855		869,385
Law enforcement	9,899,401		2,117,737
Highways and streets	65,947	3,449,853	
Public safety	5,965,143		2,418,988
Sanitation	2,628,995		
Health	58,200		
Recreation and culture	849,810		1,607,264
Social services	23,468		
Community development	34,347		2,993,916
Transit	956,311		
Total Current	<u>24,344,477</u>	<u>3,449,853</u>	<u>10,007,290</u>

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds In The Aggregate</u>
DISBURSEMENTS (Continued)			
Debt Service:			
Lease principal	\$ 258,171		
Lease interest	87,909		
Notes payable principal	99,479		
Notes payable interest	22,965		
	<u>24,813,001</u>	<u>\$ 3,449,853</u>	<u>\$ 10,007,290</u>
TOTAL DISBURSEMENTS			
	<u>24,813,001</u>	<u>\$ 3,449,853</u>	<u>\$ 10,007,290</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,210,974</u>	<u>(12,642)</u>	<u>1,099,262</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			875,548
Transfers out	(875,548)		
Loan proceeds	656,870		
	<u>(218,678)</u>		<u>875,548</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>(218,678)</u>		<u>875,548</u>
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	<u>992,296</u>	<u>(12,642)</u>	<u>1,974,810</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	1,564,552	699,835	59,868,153
Restatement adjustment			<u>(123,695)</u>
FUND BALANCES - JANUARY 1, AS RESTATED	<u>1,564,552</u>	<u>699,835</u>	<u>59,744,458</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,556,848</u>	<u>\$ 687,193</u>	<u>\$ 61,719,268</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
State aid	\$ 1,624,000	\$ 1,480,872	\$ (143,128)	\$ 2,647,000	\$ 2,661,062	\$ 14,062
Federal aid	911,598	786,454	(125,144)			
Property taxes	1,822,000	2,356,694	534,694	540,000	532,581	(7,419)
Franchise taxes	2,582,600	2,802,180	219,580			
Sales taxes	13,181,425	13,059,821	(121,604)			
Fines, forfeitures and costs	1,023,065	997,220	(25,845)			
Interest and dividends	38,170	78,004	39,834	24,000	32,560	8,560
Local permits and fees	1,130,700	1,042,146	(88,554)			
Sanitation fees	2,772,373	2,642,961	(129,412)			
Transit fees	54,102	44,284	(9,818)			
Other	26,569	733,339	706,770	112,000	211,008	99,008
TOTAL RECEIPTS	25,166,602	26,023,975	857,373	3,323,000	3,437,211	114,211
DISBURSEMENTS						
Current:						
General government	4,514,115	3,862,855	651,260			
Law enforcement	10,298,158	9,899,401	398,757			
Highways and streets	66,359	65,947	412	3,698,649	3,449,853	248,796
Public safety	6,405,995	5,965,143	440,852			
Sanitation	2,680,625	2,628,995	51,630			
Health	58,200	58,200				
Recreation and culture	270,600	849,810	(579,210)			
Social services	25,612	23,468	2,144			
Community development		34,347	(34,347)			
Transit	1,009,269	956,311	52,958			
Total Current	25,328,933	24,344,477	984,456	3,698,649	3,449,853	248,796

CITY OF PINE BLUFF, ARKANSAS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
DISBURSEMENTS (Continued)						
Debt Service:						
Lease principal		\$ 258,171	\$ (258,171)			
Lease interest		87,909	(87,909)			
Notes payable principal		99,479	(99,479)			
Notes payable interest		22,965	(22,965)			
TOTAL DISBURSEMENTS	\$ 25,328,933	24,813,001	515,932	\$ 3,698,649	\$ 3,449,853	\$ 248,796
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(162,331)	1,210,974	1,373,305	(375,649)	(12,642)	363,007
OTHER FINANCING SOURCES (USES)						
Transfers in	212,633		(212,633)			
Transfers out	(1,081,548)	(875,548)	206,000			
Loan proceeds		656,870	656,870			
TOTAL OTHER FINANCING SOURCES (USES)	(868,915)	(218,678)	650,237			
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(1,031,246)	992,296	2,023,542	(375,649)	(12,642)	363,007
FUND BALANCES - JANUARY 1	1,564,552	1,564,552			699,835	699,835
FUND BALANCES - DECEMBER 31	\$ 533,305	\$ 2,556,848	\$ 2,023,543	\$ (375,649)	\$ 687,193	\$ 1,062,842

The accompanying notes are an integral part of these financial statements.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1: Summary of Significant Accounting Policies

As discussed further in Note 1(B and C), these financial statements are presented in accordance with the regulatory basis of presentation and accounting as prescribed or permitted by Arkansas Code. This regulatory basis of presentation and accounting differs from accounting principles generally accepted in the United States of America.

A. Financial Reporting Entity

The City of Pine Bluff was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. The following funds of the City are not presented in this report: Wastewater Utility Commission, Civic Auditorium Complex Commission, Advertising and Tourist Promotion Commission and Aviation Commission.

B. Basis of Presentation – Regulatory Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Arkansas Code requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of: a balance sheet; a statement of revenues (receipts), expenditures (disbursements), and changes in fund equity (balances); a comparison of the final adopted budget to the actual expenditures for the general fund and street fund; notes to the financial statements; and a supplemental schedule of capital assets.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund heading as it appears in the financial statements includes the following accounts: General, Transit, Sewer Improvement District Loan, Vice Intelligence Narcotics, Capital Projects and Public Safety Facility Building.

Street Fund - The Street Fund is used to account for the proceeds of specific receipt sources that are legally restricted to disbursements for maintaining and constructing highways and streets.

Other Funds in the Aggregate - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Street Funds. The following types of funds are included in this column as follows:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific receipt sources that are legally restricted to disbursements for specific purposes. The following special revenue funds are reported with other funds in the aggregate: Community Development Block Grant, Parks and Recreation Commission, Historic District Commission, Administration of Justice, Lakeshore Pavilion and Southeast Arkansas Arts and Science Commission.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the entity in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and other funds. The following trust and agency funds are reported with other funds in the aggregate: Health Insurance Premium, City Retirement, Firemen's Pension and Relief, Policemen's Pension and Relief, Cemetery Trust, Payroll, District Court (Division 1), District Court (Division 2) and City Collector.

C. Basis of Accounting

The financial statements are presented using a regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for investments and settlements pending. This regulatory basis differs from accounting principles generally accepted in the United States of America.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable, interfund receivables, and capital assets) and their related receipts and certain liabilities (such as accounts payable, interfund payables and long-term debt) and their related disbursements are not recorded in these financial statements.

D. Assets, Liabilities and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit, treasury bills and short-term investments with an original maturity of three months or less.

Investments

Investments are reported at cost.

Liabilities

For the purpose of financial reporting, liabilities include settlements pending. Settlements pending are considered fines, forfeitures, costs, property taxes, sales taxes, insurance premiums and interest that have not been transferred to the appropriate entities.

Fund Balance

1. Reserved Fund Balance indicates that portion of fund balance, which has been legally segregated for specific purposes.
2. Designated Fund Balance indicates that portion of fund balance for which the entity has made tentative plans.
3. Undesignated Fund Balance indicates that portion of fund balance, which is available for budgeting in future periods.

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 10.

F. Budget Law

State law requires that these procedures be followed in establishing the budgetary data:

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed disbursements and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by action of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law (Continued)

The budgeted receipts and disbursements represent the formal operating budget adopted by the City Council as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund and the other Special Revenue Funds.

NOTE 2: Cash and Investments

Deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk have not been provided as required by Governmental Accounting Standards Board Statement No. 40.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

A. Governmental Fund Types

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations the principal and interest on which are fully guaranteed by the United States of America.

B. Pension Trust Funds

(1) Policemen's Pension

State law provides that if the total assets of the policemen's pension trust fund are less than one hundred thousand dollars (\$100,000), the funds may be deposited or invested as noted below. If the total assets of the fund exceed one hundred thousand dollars (\$100,000), the fund may employ a professional investment advisor to invest the assets subject to the prudent investor rule and/or in no-load mutual funds.

(2) Firemen's Pension

State law provides that if the total assets of the firemen's pension trust fund are less than one hundred thousand dollars (\$100,000), the funds may be deposited or invested as noted below. If the total assets of the fund exceed one hundred thousand dollars (\$100,000), the fund may employ a professional investment advisor to invest the assets subject to the prudent investor rule and/or in no-load mutual funds.

(3) Policemen's and Firemen's Pension Investments

The funds may be deposited or invested as noted in Note 3(A) and may include deposits in federally insured savings and loans located in the State of Arkansas and notes secured by mortgages on real estate guaranteed either by the United States government or by a corporation approved by the State Commissioner of Insurance. Investments of other types are allowed by state law, but it has not been a common practice to utilize them.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2007	
	Reported Amount	Fair Value
Trust	\$ 53,896,274	\$ 56,959,738

These investments are composed of the following:

	December 31, 2007	
	Reported Amount	Fair Value
Federal agency obligations	\$ 12,792,532	\$ 12,890,687
Domestic corporate bonds	12,052,459	11,984,675
Common and foreign stock	22,249,010	24,797,181
Mortgages	3,304,261	3,280,523
Mutual funds	3,498,012	4,006,672
Totals	\$ 53,896,274	\$ 56,959,738

NOTE 5: Legal Debt Limit

A. Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to twenty percent (20%) of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2007, the legal debt limit for the bonded debt was \$69,883,586. There were no property tax secured bond issues.

B. Short-Term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to five percent (5%) of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2007, the legal debt limit for short-term financing obligations was \$ 18,758,474. The amount of short-term financing obligations was \$721,103, leaving a legal debt margin of \$18,037,371.

NOTE 6: Federal Funds Program Compliance

The federal grants of the City have not yet received a compliance audit in accordance with federal program requirements and therefore, any instances of noncompliance with federal grant requirements have not been determined. Disbursements that are not in accordance with the federal program requirements are subject to reimbursement by the City.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 7: Reserved Fund Balance

Reserved fund balance consists of the following:

	December 31, 2007
<u>General</u>	
Sewer Improvement District Loan	\$ 76,500
<u>Street</u>	\$ 687,193
<u>Other Funds in the Aggregate</u>	
Special Revenue Funds:	
Community Development Block Grant	\$ 54,491
Parks and Recreation Commission	101,765
Historic District Commission	7,619
Administration of Justice	445,529
Southeast Arkansas Arts and Science Commission	158,716
Total Special Revenue	768,120
Trust Funds:	
City Retirement	27,931,891
Firemen's Pension and Relief	15,913,354
Policemen's Pension and Relief	16,671,112
Cemetery	434,791
Total Trust	60,951,148
 Total Other Funds in the Aggregate	 \$ 61,719,268

NOTE 8: Commitments

Total commitments consist of the following at December 31, 2007:

	December 31, 2007
Long-term debt	\$ 3,369,374

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 8: Commitments (Continued)

Long-Term Debt

Long-Term Debt at December 31, 2007 is comprised of the following:

	December 31, 2007
Lease-purchase agreement with Saulsbury Hill Financial for the purpose of replacement and refurbishment of the heating and cooling systems of the Civic Center Complex and associated energy conservation measures, quarterly installments of \$47,521.78 for 180 months. Payments are to be made from the General Fund.	\$ 1,297,193
Lease-purchase agreement with First Security Leasing for the purpose of replacement and refurbishment of the heating and cooling systems of the Convention Center and associated energy conservation measures, quarterly installments of \$40,031.34 for 192 months. Payments are to be made from the Advertising and Tourist Promotion Commission Fund.	1,351,079
Lease-purchase agreement with Little Rock Dodge on the purchase of a 2006 Dodge Ram 1500, annual installments of \$6,173.04 for three (3) years. Payments are to be made from the General Fund.	5,846
Lease-purchase agreement with Little Rock Dodge on the purchase of a 2006 Dodge Durango, annual installments of \$8,480.99 for three (3) years. Payments are to be made from the General Fund.	8,021
Lease-purchase agreement with Little Rock Dodge on the purchase of two (2) 2006 Dodge Chargers, annual installments of \$15,456.13 for three (3) years. Payments are to be made from the General Fund.	14,684
Lease-purchase agreement with Ford Motor Credit on the purchase of four (4) 2007 Ford Crown Victorias, annual installments of \$29,816.63 for three (3) years. Payments are to be made from the General Fund.	27,970
Lease-purchase agreement with Smart Chevrolet on the purchase of three (3) 2007 Chevrolet Impalas, annual installments of \$19,34.74 for three (3) years. Payments are to be made from the General Fund.	35,413
Promissory note with Simmons First National Bank for the purchase of technology equipment for an upgrade by the Police Department, monthly installments of \$12,244.48 for sixty (60) months. Payments are to be made from the General Fund.	556,453
Lease-purchase agreement with Ford Motor Credit on the purchase of five (5) 2008 Ford Crown Victorias, annual installments of \$39,716.88 for three (3) years. Payments are to be made from the General Fund.	72,715
Total Long-Term Debt	<u>\$ 3,369,374</u>

Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 8: Commitments (Continued)

Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2007:

<u>Years Ending December 31,</u>	<u>Notes</u>	<u>Leases</u>	<u>Total</u>
2008	\$ 146,934	\$ 469,199	\$ 616,133
2009	146,933	409,272	556,205
2010	146,934	350,212	497,146
2011	146,934	350,212	497,146
2012	23,656	350,212	373,868
2013 through 2017		1,513,454	1,513,454
2018 through 2019		200,157	200,157
Total Obligations	611,391	3,642,718	4,254,109
Less Interest	54,938	829,797	884,735
Total Principal	<u>\$ 556,453</u>	<u>\$ 2,812,921</u>	<u>\$ 3,369,374</u>

NOTE 9: Designated Fund Balance – General Fund

Designated fund balance of the General Fund consists of the following:

	<u>December 31, 2007</u>
Transit	\$ 41,125
Sewer Improvement District Loans	240,869
Vice Intelligence Narcotics	103,947
Capital Projects	420,101
Public Safety Building	25,734
Total	<u>\$ 831,776</u>

NOTE 10: Prior Year Restatement

- A. The Statement of Receipts, Disbursements and Changes in Fund Balance was restated at January 1, 2007 in the amount of \$70,095 to include the Southeast Arkansas Arts and Science Commission Fund as part of the Other Funds in the Aggregate (Special Revenue Fund) which was previously excluded.
- B. The Statement of Receipts, Disbursements and Changes in Fund Balance was restated at January 1, 2007 in the amount of \$193,790 to reclassify the Health Insurance Premium Fund as Other Funds in the Aggregate (Agency Fund) which was previously classified as a Special Revenue Fund.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 11: Subsequent Events

A. Community Development HOME Program

The United States Department of Housing and Urban Development issued a statement on May 29, 2008 that formally recommended an investigation of the activities related to the spending of more than \$500,000 of federal grant money awarded by the City of Pine Bluff to a local nonprofit to build low-income housing be conducted by the United States Office of Inspector General. The results of this investigation were not available.

B. Transit Department Fire

The Pine Bluff Transit Department facilities and buses suffered damages estimated by City officials to be in excess of \$1,250,000 due to a fire that occurred on May 10, 2008. Insurance coverage appears to be sufficient to cover all damages sustained.

NOTE 12: Joint Venture

A. Metropolitan Emergency Communications Association

The City of Pine Bluff belongs to the Metropolitan Emergency Communications Association, as set up by an amended interlocal cooperation agreement, dated May 13, 1996, which is composed of the Cities of Pine Bluff, White Hall, Redfield, Altheimer, Wabbaseka, Humphrey and Sherrill and Jefferson County. The Association is governed by seven commissioners which include the City of Pine Bluff's Mayor, Police Chief and Fire Chief, Jefferson County's County Judge and Sheriff, the Office of Emergency Service's Coordinator and the Chairman of the 911 Administrative Board by virtue of their term in office or employment with the local government. Pursuant to the aforementioned amended agreement for 1996, the participants' percentage share of any deficit between 911 telephone fee revenue and operating expenses was as follows:

City of Pine Bluff	70.76%
City of White Hall	2.25%
City of Redfield	.63%
City of Altheimer	.57%
City of Wabbaseka	.19%
City of Humphrey	.21%
City of Sherrill	.04%
Jefferson County	25.35%
Total	100.00%

The City paid Metropolitan Emergency Communications Association \$648,987 in 2007.

Separate financial statements are not available.

B. Pine Bluff and Jefferson County Library System

The City of Pine Bluff and Jefferson County entered into an agreement in August 1979 in accordance with Ark. Code Ann. § 25-20-101 through § 25-20-108 to establish a library system for the Jefferson County, Arkansas area. The System is composed of five (5) members appointed by the Jefferson County Judge with Quorum Court approval and six (6) members appointed by the Mayor of Pine Bluff and ratified by the City Council. Title to fixed assets held by the constituent governmental units and used for library purposes at the time of the execution of this agreement shall remain unchanged although additional assets may be acquired in the name of the System. The Board shall fix the number and salaries of employees of the System. The City paid the Pine Bluff and Jefferson County Library System \$567,136 in 2007. Separate financial statements are available at 200 East Eighth Street, Pine Bluff, Arkansas 71601.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 13: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. There have been several lawsuit settlements in the past three (3) years that exceeded the coverage provided by the Arkansas Municipal League Legal Defense Fund. The settlements paid by the City totaled \$296,958, \$259,720 and \$40,500 for the years 2007, 2006 and 2005, respectively. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by municipal officials, employees and volunteer fire fighters while performing work for the municipality. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

Municipal Vehicle Program

- A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is \$25,000 for bodily injury or death per person, \$50,000 for bodily injury or death per accident and \$25,000 for property damage per accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and mobile equipment owned or leased by the City.
- B. Physical Damage - This program covers vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials and employees because of judgment in any one lawsuit for more than 25 percent of the program's available funds at time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$250,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a \$1,000 deductible per occurrence.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 14: Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than six percent (6%) of their salary to the plan. Active volunteer firemen are required to make contributions of twelve dollars (\$12) per year. The City is required by state law to contribute an amount equal to but not less than six percent (6%) of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable.

Deferred Retirement Option Plan

The local firemen's pension and relief board of trustees approved the participation in the Arkansas Fire Fighter's Deferred Retirement Option Plan (DROP). Any full-paid fire fighter who is a member of the firemen's pension and relief fund who has at least twenty (20) years of credited service and who is eligible to receive a service retirement pension may elect to participate in the plan. The duration of participation shall not exceed five (5) years.

When a member begins participation in the DROP, the contribution of the fire fighter and the employer contribution shall continue to be paid. Municipal matching contributions for employees who elect the DROP shall be credited equally to the firemen's pension and relief fund and to the deferred retirement plan. The monthly retirement benefits that would have been due had the member elected to cease employment and receive a service retirement shall be paid into the DROP account.

At the end of the five years, the participant has certain options regarding the method of payment.

At the conclusion of the member's participation, the member shall terminate employment with all participating municipalities as a fire fighter and start receiving the member's accrued monthly retirement benefit from the firemen's pension and relief fund.

NOTE 15: Policemen's Pension and Relief Plan

Plan Description

The Policemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal policemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 15: Policemen's Pension and Relief Plan (Continued)

Contributions

Active participants of the plan are required to make contributions of six percent (6%) of their salary to the plan, provided that such monthly deduction shall be four percent (4%) for policemen contributing to the social security system unless increased, but not to exceed six percent (6%), by the majority of the contributing members of the police department covered by social security. The City is required by state law to contribute an amount equal to but not less than six percent (6%) of the participant's salary; provided, however, that the City's contributions shall not exceed the amount contributed by the policemen except where authorized by appropriation of the City's governing body. The plan is also funded with state insurance tax; property tax on real estate and personal property; and ten percent (10%) of all fines and forfeitures collected by the police department of such City. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, the beneficiaries shall be paid prorating the funds available among them.

Deferred Retirement Option Plan

The local policemen's pension and relief board of trustees approved the participation in the Arkansas Police Officer's Deferred Retirement Option Plan (DROP). Any police officer who is a member of the policemen's pension and relief fund who has at least twenty (20) years of credited service and who is eligible to receive a service retirement pension may elect to participate in the plan. The duration of participation shall not exceed five (5) years, except in certain circumstances as allowed by law.

When a member begins participation in the DROP, the contribution of the police officer and the employer contribution shall continue to be paid. Municipal matching contributions for employees who elect the DROP shall be credited equally to the policemen's pension and relief fund and to the deferred retirement plan. The monthly retirement benefits that would have been due had the member elected to cease employment and receive a service retirement shall be paid into the DROP account.

The participant has certain options regarding the method of payment.

At the conclusion of the member's participation, the member shall terminate employment with all participating municipalities as a police officer and start receiving the member's accrued monthly retirement benefit from the policemen's pension and relief fund.

**NOTE 16: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, P. O. Drawer 34164, Little Rock, Arkansas 72203 or by calling 1-501-682-1745.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 6% of gross pay
- B. Paid service also covered by Social Security: no employee contribution
- C. Volunteer fire service: no employee contribution

CITY OF PINE BLUFF, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

**NOTE 16: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

Funding Policy (Continued)

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees.

NOTE 17: Arkansas Public Employees Retirement System

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan that covers the District Judges and Court Clerks. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy

PERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation.

NOTE 18: City Retirement Plan

Plan Description

The City Retirement Plan of the City of Pine Bluff is a single-employer defined pension plan that covers all non-uniformed full-time employees of the City. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements may be amended by the City of Pine Bluff Retirement Board and the Pine Bluff City Council.

Funding Policy

Funding is provided by contributions of 3% by the employee and 7% by the City of the employee's total annual compensation.

NOTE 19: Interfund Transfers

The City transferred \$875,548 from the general fund to the other funds in the aggregate (special revenue fund) to supplement the Parks and Recreation Commission.

CITY OF PINE BLUFF, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2007

Schedule 1

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Parks and Recreation Commission	Historic District Commission	Administration Of Justice	Southeast Arkansas Arts and Science Commission
ASSETS					
Cash and cash equivalents	\$ 54,491	\$ 101,765	\$ 7,619	\$ 445,529	\$ 158,716
Investments					
TOTAL ASSETS	\$ 54,491	\$ 101,765	\$ 7,619	\$ 445,529	\$ 158,716
LIABILITIES AND FUND BALANCES					
Liabilities:					
Settlements pending					
Fund Balances:					
Reserved	\$ 54,491	\$ 101,765	\$ 7,619	\$ 445,529	\$ 158,716
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,491	\$ 101,765	\$ 7,619	\$ 445,529	\$ 158,716

Community Development Block Grant
 Parks and Recreation Commission

City established fund to process the U.S. Department of Housing and Urban Development grant to construct low-income housing.
 Ark. Code Ann. § 14-26-301 authorizes the City to create a parks and recreation commission to support the parks and recreation facilities within the City and City Ordinance No. 4198 created such a fund.

Historic District Commission

Ark. Code Ann. § 14-172-206 established fund to process grants to support the historic significance of the buildings, structures, features, sites and surroundings of the City.

Administration of Justice

Ark. Code Ann. § 16-17-126 authorizes District Court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the District Court.

Southeast Arkansas Arts and Science Commission

Established by City Ordinance No. 4198 to provide recreation and culture services to the residences of the City.

CITY OF PINE BLUFF, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2007

Schedule 1

	TRUST FUNDS			
	City Retirement	Firemen's Pension and Relief	Policemen's Pension and Relief	Cemetery Trust
ASSETS				
Cash and cash equivalents	\$ 4,703,958	\$ 588,749	\$ 1,681,279	\$ 80,888
Investments	23,227,933	15,324,605	14,989,833	353,903
TOTAL ASSETS	\$ 27,931,891	\$ 15,913,354	\$ 16,671,112	\$ 434,791
LIABILITIES AND FUND BALANCES				
Liabilities:				
Settlements pending				
Fund Balances:				
Reserved	\$ 27,931,891	\$ 15,913,354	\$ 16,671,112	\$ 434,791
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,931,891	\$ 15,913,354	\$ 16,671,112	\$ 434,791

City Retirement

Firemen's Pension and Relief

Policemen's Pension and Relief

Cemetery Trust

City established fund to process the self-supported retirement plan to all non-uniform employees.

Ark. Code Ann. § 24-11-801 established fund to receive millages, state insurance turnback and other revenues allowed by law for support of police retirement programs.

Ark. Code Ann. § 24-11-301 established fund to receive millages, state insurance turnback and other revenues allowed by law for support of firefighter retirement programs.

City established fund to invest revenue generated from plot sales to be used to maintain the City cemetery.

CITY OF PINE BLUFF, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2007

Schedule 1

	AGENCY FUNDS					
	Payroll	District Court Division I	District Court Division II	City Collector	Health Insurance Premium	Totals
ASSETS						
Cash and cash equivalents	\$ 135,425	\$ 199,473	\$ 9,661	\$ 5,509	\$ 214,806	\$ 8,387,868
Investments						53,896,274
TOTAL ASSETS	\$ 135,425	\$ 199,473	\$ 9,661	\$ 5,509	\$ 214,806	\$ 62,284,142
LIABILITIES AND FUND BALANCES						
Liabilities:						
Settlements pending	\$ 135,425	\$ 199,473	\$ 9,661	\$ 5,509	\$ 214,806	\$ 564,874
Fund Balances:						
Reserved						61,719,268
TOTAL LIABILITIES AND FUND BALANCES	\$ 135,425	\$ 199,473	\$ 9,661	\$ 5,509	\$ 214,806	\$ 62,284,142

Payroll

District Court Account Division I

District Court Division II

City Collector

Health Insurance Premium

The City established this fund to process the payroll of all employees.

Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures and costs collected by the District Court.

Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures and costs collected by the District Court.

This fund was established to process insufficient checks written to all city accounts.

This fund was established to process insurance premiums withheld from employees' earnings and forwarded to the insurance provider.

CITY OF PINE BLUFF, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	SPECIAL REVENUE FUNDS					
	Community Development Block Grant	Parks and Recreation Commission	Historic District Commission	Administration Of Justice	Lakeshore Pavilion	Health Insurance Premium
RECEIPTS						
State aid		\$ 7,772	\$ 6,700		\$ 230,000	\$ 47,777
Federal aid	\$ 1,304,104				1,249,672	
Property taxes						
Fines, forfeitures and costs				\$ 63,517		
Interest and dividends		236		15,021		472
Local permits and fees						44,324
Parks and recreation fees		274,389				
Other	68,855	53,049	4,413	625		381,885
TOTAL RECEIPTS	1,372,959	335,446	11,113	79,163	1,479,672	474,458
DISBURSEMENTS						
Current:						
General government						
Law enforcement				110,292		
Public safety						
Recreation and culture		1,217,933	3,494			385,837
Community development	1,514,244				1,479,672	
TOTAL DISBURSEMENTS	1,514,244	1,217,933	3,494	110,292	1,479,672	385,837
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(141,285)	(882,487)	7,619	(31,129)	0	88,621
OTHER FINANCING SOURCES (USES)						
Transfers in		875,548				
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	(141,285)	(6,939)	7,619	(31,129)	0	88,621
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	195,776	108,704		476,658		\$ 193,790
Restatement adjustment						70,095
FUND BALANCES - JANUARY 1, AS RESTATED	195,776	108,704	0	476,658	0	70,095
FUND BALANCES - DECEMBER 31	\$ 54,491	\$ 101,765	\$ 7,619	\$ 445,529	\$ 0	\$ 158,716

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

Community Development Block Grant Parks and Recreation Commission	City established fund to process the U.S. Department of Housing and Urban Development grant to construct low-income housing. Ark. Code Ann. § 14-26-301 authorizes the City to create a parks and recreation commission to support the parks and recreation facilities within the City and City Ordinance No. 4198 created such a fund.
Historic District Commission	Ark. Code Ann. § 14-172-206 established fund to process grants to support the historic significance of the buildings, structures, features, sites and surroundings of the City.
Administration of Justice	Ark. Code Ann. § 16-17-126 authorizes District Court filing fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the District Court.
Lakeshore Pavilion	The City established this fund to process all grants transferred from other entities to support the construction of the Lakeshore pavilion.
Southeast Arkansas Arts and Science Center Commission	Established by City Ordinance No. 4198 to provide recreation and culture services to the residents of the City.
Health Insurance Premium	This fund was established to process insurance premiums withheld from employees' earnings and forwarded to the insurance provider.

CITY OF PINE BLUFF, ARKANSAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

	TRUST FUNDS				
	City Retirement	Firemen's Pension and Relief	Policemen's Pension and Relief	Cemetery Trust	Totals
RECEIPTS					
State aid		\$ 212,807	\$ 407,995		\$ 913,051
Federal aid					2,553,776
Property taxes		283,820	283,820		567,640
Fines, forfeitures and costs			93,534		157,051
Interest and dividends	\$ 1,836,133	1,239,849	2,146,609	\$ 17,831	5,256,151
Local permits and fees					44,324
Parks and recreation fees					274,389
Other	714,572	58,470	49,821	8,480	1,340,170
TOTAL RECEIPTS	2,550,705	1,794,946	2,981,779	26,311	11,106,552
DISBURSEMENTS					
Current:					
General government	865,587			3,798	869,385
Law enforcement			2,007,445		2,117,737
Public safety		2,418,988			2,418,988
Recreation and culture					1,607,264
Community development					2,993,916
TOTAL DISBURSEMENTS	865,587	2,418,988	2,007,445	3,798	10,007,290
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	1,685,118	(624,042)	974,334	22,513	1,099,262
OTHER FINANCING SOURCES (USES)					
Transfers in					875,548
EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	1,685,118	(624,042)	974,334	22,513	1,974,810
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	26,246,773	16,537,396	15,696,778	412,278	59,868,153
Restatement adjustment					(123,695)
FUND BALANCES - JANUARY 1, AS RESTATED	26,246,773	16,537,396	15,696,778	412,278	59,744,458
FUND BALANCES - DECEMBER 31	\$ 27,931,891	\$ 15,913,354	\$ 16,671,112	\$ 434,791	\$ 61,719,268

CITY OF PINE BLUFF, ARKANSAS
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Schedule 2

City Retirement	City established fund to process the self supported retirement plan to all non-uniform employees.
Firemen's Pension and Relief	Ark. Code Ann. § 24-11-801 established fund to receive millages, state insurance turnback and other revenues allowed by law for support of firefighter retirement programs.
Policemen's Pension and Relief	Ark. Code Ann. § 24-11-301 established fund to receive millages, state insurance turnback and other revenues allowed by law for support of police retirement programs.
Cemetery Trust	City established fund to invest revenue generated from plot sales to be used to maintain the City cemetery.

CITY OF PINE BLUFF, ARKANSAS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2007
(Unaudited)

Schedule 3

	Original Cost	Accumulated Depreciation	Balance at December 31, 2007
Land	\$ 370,514		\$ 370,514
Buildings	16,009,846	\$ 9,848,545	6,161,301
Infrastructure	15,104,707	12,034,047	3,070,660
Improvements	1,779,745	507,943	1,271,802
Heavy machinery	7,439,220	5,705,600	1,733,620
Vehicles	4,244,611	3,701,058	543,553
Equipment	2,912,023	1,933,698	978,325
Totals	<u>\$ 47,860,666</u>	<u>\$ 33,730,891</u>	<u>\$ 14,129,775</u>